

Message Text

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FM SECSTATE WASHDC

INFO AMEMBASSY LONDON 3764

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ATTN: CIVAIR ATTACHE

FOLLOWING REPEAT HONG KONG 3718 ACTION SECSTATE DATED
MARCH 23, 1978.

QUOTE: LIMITED OFFICIAL USE HONG KONG 3718

STATE FOR EB/OA/AVP/JAMES M. ROBERTS

EO 11652: N/A

TAGS: EAIR, HK

SUBJECT: CIVAIR, NEW INSURANCE REQUIREMENTS FOR NON SCHED AIRCRAFT

REF: A) HONG KONG 3403, B) HONG KONG 1052, C) ROBERTS-
MCCAHILL MEMO OF NOV. 17, 1977

1. REYNAUD OF HKCAD CALLED FRIDAY, MARCH 17 TO CONFIRM HIS
EARLIER STATEMENTS (REF A). AS HE EXPLAINED IT, AIRCRAFT WILL
NOW BE CLASSIFIED IN THREE DISTINCT GROUPINGS: (A) SCHEDULED
CARRIERS (WHO MAY OR MAY NOT ALSO HAVE CHARTER FLIGHTS),
(B) NON-SCHEDULED REVENUE CHARTER FLIGHTS AND (C) PRIVATE NON-
REVENUE FLIGHTS.

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2. CATEGORY (A) CARRIERS WILL CONTINUE TO HAVE AN INSURANCE
REQUIREMENT PER LANDING OF US\$25 MILLION WHETHER THEIR FLIGHT
IS A NORMAL SCHEDULED FLIGHT OR A SPECIFIC CHARTER. THUS
BOTH PANAM AND NORTHWEST ARE FULLY COVERED. CATEGORY (B) CARRIERS
SUCH AS TRANS INTERNATIONAL OR SEABOARD WORLD WHO CARRY CHARTERS
FOR REVENUE AND PROFIT WOULD NOT (AS OF FEBRUARY 1, 1978) BE

REQUIRED TO HAVE INSURANCE PER LANDING OCCURRENCE OF US\$150 MILLION. FINALLY, CATEGORY (C) AIRCRAFT WHICH ARE EITHER CORPORATE OR PRIVATE WOULD NOT REPEAT NOT HAVE TO COMPLY WITH THE US\$150 MILLION INSURANCE REQUIREMENT.

3. REYNAUD STATED THAT AOPA HAD BEEN IN DIRECT COMMUNICATION WITH HIM AND THAT HE HAD INFORMED THEM THAT SO LONG AS A FLIGHT WAS NON-REVENUE THERE WOULD BE NO CHANGES IN INSURANCE REQUIREMENTS.

4. THE NOMADS CASE IS STILL NOT RESOLVED AS REYNAUD STATED THAT HE HAD TALKED WITH BENICH ON MARCH 15 AND INFORMED HIM THAT NOMADS HAD TWO OPTIONS: (A) THEY COULD FILE THE REQUIRED PROOFS OF US\$150 MILLION IN INSURANCE AND LANDING RIGHTS WOULD BE GRANTED OR, (B) BENICH COULD SUBMIT DOCUMENTATION TO HKCAD TO SUPPORT A CASE FOR NOMADS FLIGHTS TO BE CONSIDERED AS NON-REVENUE, NON-PROFIT. REYNAUD WENT ON TO SAY THAT AS THE FLIGHT WAS NOT SCHEDULED UNTIL LATE MAY SUFFICIENT TIME FOR SUCH FILING WAS AVAILABLE. HOWEVER, HE OPINED THAT IT WOULD BE DIFFICULT FOR HKCAD TO CONSIDER NOMADS AS NON-REVENUE AS THEY DID IN FACT, CHARGE FOR EACH FLIGHT.

5. CONSULATE BELIEVES THAT BASIC US INTERESTS ARE BEING SERVED AND WHILE WE DO CONSIDER US\$150 MILLION TO BE RATHER HIGH, IT IS NON-DISCRIMINATORY AND HAS BEEN ACCEPTED BY ALL CHARTER LIMITED OFFICIAL USE

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CARRIERS. THE NOMADS CASE IS AN UNUSUAL ONE AND HKCAD BELIEVES IT PROPERLY FITS CATEGORY (B) AS THE TRIP IS NOT FOR THE BENEFIT OF THE ORGANIZATION BUT FOR THE BENEFIT OF THE INDIVIDUALS WHO PAY A SPECIFIC FEE FOR EACH TRIP THEY TAKE. THUS, BY HKCAD DEFINITION, THIS IS A REVENUE FLIGHT.

6. DEPARTMENT PLEASE PASS THE ABOVE INFORMATION TO NOMADS AND ADVISE CONGEN IF FURTHER REPRESENTATIONS TO THE HKG SHOULD BE MADE.
SHOESMITH
UNQUOTE CHRISTOPHER

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